

Policy 2 – Purchase Cards (P Card)

BACKGROUND

The purchasing card may be used at any qualified merchant that accepts VISA. The purpose of the purchase card is to purchase low-value approved expenses that benefit Saint Martin's University (the University). Please follow the Travel Policy of the employee handbook for any use of the P Card for Travel expenses.

Examples of the types of purchases that are allowed on your purchase card are, business expenses (non personal) for small equipment, office supplies, parts, subscriptions, books, travel and generally for purchases that are under \$3,000. For any P Card purchases above \$3,000, an approval to temporarily increase the credit limit is allowed. The approval should come from the budget manager of that department to the CFO. Such approval must be communicated with the P Card administrator at least 5 business days prior to purchase.

Please **do not** use your purchase card to replace other established purchasing policies or required approvals, which require two established signatory.

REQUIREMENTS

✓ 1. Obtaining a Purchase Card

Upon approval from your department manager, an application needs to be on file with the finance office.

Based on the information you complete on this form, a credit card may be provide to the requester. Please note that this can take 5-7 business days.

A signed **purchasing card application**, and a signed **user agreement** will need to be in place before being provided the credit card.

✓ 2. P-card Guidelines

The purchase card should only be used for **business expenses**. See *Attachment A* on examples of how to document the “business purpose” of your transaction. **Print out Attachment A** and use it as a coversheet to your credit card allocation to make your process of allocating your credit card even easier and more efficient.

The official business purpose of the transaction needs to be documented. All items including purchases of gas, meals with meetings, etc. need to indicate the business purpose of the purchase and include how the University benefited from the purchase. Proper stewardship over University funds is essential for donor, student, and grantee relationships.

Any purchases that are personal in nature, for example purchasing gas to get to and from work, purchasing alcoholic beverages without documenting the related business purpose, purchasing personal meals, etc. are prohibited. These type of expenses are additional employee compensation, and provide a benefit directly to the employee themselves and are not business related.

- **Receipts should be submitted for all P-card purchases. The University generally will not accept missing receipt affidavits for lost receipts over \$25. Any transactions where a receipt is not submitted are assumed to be the cardholder's responsibility, except for in the case**

where the either the President, Provost, CFO, or other cabinet member has approved that a receipt not be submitted for the transaction. This approval should be documented via a signature on these larger item missing receipt affidavits.

- **The cardholder is responsible for the charges on his/her card. Where receipts are missing for amounts over \$25. The cardholder is responsible to repay the University. Missing affidavits are acceptable for under \$25 transactions such as parking, etc.**
- **If the business purpose of the expense is not documented, we will deem it to be a personal expense. To create an adequate audit trail, the business purpose needs to be clear and concise.**
- Explanations such as “meal” do not adequately document the business purpose. Business purpose explanations must include the recipient’s (name(s)) of who benefited from the purchase and how the expense benefited the University). See Attachment A for examples of how to document the business purpose of every transaction you make.
- No card holder is allowed to purchase gas for a personal vehicle for any circumstance. If you travel with a personal vehicle you will need to fill out a reimbursement form and will be reimbursed for the miles driven, not the gas. Gas may only be purchased on a university card when you are using it to fill up a University vehicle.
- As a reminder reimbursement requests for travel should be submitted on a monthly basis for the miles driven. This should not be a credit card expense.

PERSONAL PURCHASES: In the event that an inadvertent personal purchase is made it should be immediately identified to the Finance Department. A check reimbursing the University for the Purchase needs to accompany the transaction.

Forward all reconciled documentation to the Accounting Department for review within **5 days** of receiving the statements.

All documentation will be maintained in the payments department for a period of five years. Any purchase card transactions submitted two months after the deadline will not be paid by the University.

NON-WORK: The card cannot be used for any non-work related events such as birthdays, baby showers, bbq’s, potlucks, etc.

✓ **3. Consequences for Non-Compliance to P-card Guidelines**

Because the purchasing card is a tool to aid in the purchasing process that has credit implications to the University, strict compliance is required. Non-compliance of guidelines, and not allocating your P Card transactions timely will produce the following consequences:

- Permanent revocation of purchasing card privileges
- Repayment of any personal purchases made on the card
- Notification to the CFO and Controller to investigate the matter further
- Disciplinary measures that may include termination and legal action

- Any misappropriation of University funds will be taken seriously and reviewed

✓ **4. Credit Card Security**

Keep your Visa purchasing card in a secure location and safeguard the Visa account number. You, as the cardholder, should be the only one(s) using the card. It should be accessible **ONLY** to you. **DO NOT** post your card number at your desk, or any other place easily accessible to others.

DO NOT share the use of your card with anyone. You are responsible for all charges made on your card, if you choose to share your card, you are responsible for every purchase made on the card as the cardholder.

✓ **5. Lost or Stolen Credit Cards**

Like your personal credit cards, if your purchasing card is lost or stolen, ***you must contact the bank immediately by phone.*** You must also communicate with the Accounting Department at the University.

The cardholder's department is responsible for any charges made on the card prior to the card being reported as lost or stolen. Keeping track of the card and immediate notification will mitigate any potential loss.

Once you have reported your card as lost or stolen, the card will be closed and a new card will be issued by the bank and sent to the purchasing card administrator. If the old card is located at a later date, destroy it by cutting it in half and disposing of it. ***Do not attempt to use the old card.***

✓ **6. What If the Cardholder Leaves the University?**

When a cardholder leaves the University, the cardholder must return the Purchasing Card to Human Resources along with any other University property you are returning.

✓ **7. For Whom Can a Cardholder Purchase?**

The cardholder whose name appears on the purchasing card may make purchases for any employee that reports to the same cost center, department, etc. of the cardholder.

✓ **8. Who can apply to be a Cardholder?**

Student workers and temporary workers should generally not receive credit cards due to the temporary nature of their work at the University. The credit card application below should be filled out by permanent employees who need the card to make business purchases for the university and who agree to comply with University credit card policies and budget restrictions.

✓ **8. Cash Advances**

Cash advances on the purchasing card are not allowed.

✓ **9. Control Mechanisms within the US Bank Visa Purchasing Card**

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The US Bank Visa purchasing card is a special type of charge card. For most cardholders, limitations have been hard-coded in the card to control its use in the following ways:

Maximum dollar amount per transaction	\$2,900
Total spending limit per month per cardholder	\$3,000

It is *not acceptable* to split the charges into two transactions to bypass the \$3,000 single purchase limit. Purchase cards should not be used to bypass internal controls.

✓ **10. Monitoring**

To ensure the continued success of the purchasing card program, and in order to meet the University's audit requirements, periodic audits of the cardholders' transaction files will occur. The main purposes of the audit are to ensure that correct information is being captured and that the purchasing card program policies and procedures are being followed.

Attachment A:

- **Definition of Business Purpose:** A business purpose is defined as one that supports or advances the goals, objectives and mission of the University, and adequately describes the expense as necessary, reasonable, and appropriate as a business expense for the University. We need to evidence that we are good stewards of donor, student, and University funds, and the business purpose helps us do this.
- The **Business Purpose** should answer the following 3 essential questions:
 - **Who was involved** (Give the name of the person or the organization/department that benefited from the activity).
 - **What activity was performed?** Explain what circumstance gave rise to the expenditure
 - **How did it benefit the University?** Explain how it benefits the University? How does this expense help support the Benedictine values of Saint Martin's University.
 - **Do I need to document this for every receipt?** Yes. This is a best practice.

Attach Receipt Below

Who benefited (list the names)?
What activity was performed?
How did this directly benefit the University? Not a

Important Information

The purchase card program enables cardholders to charge approved expenses from suppliers that accept Visa. Use of the purchase card requires the cardholder and their supervisor to assume responsibility for obtaining and submitting appropriate receipts and documentation for reconciliation. By signing this application form, you are agreeing that you have read the Purchase Card policy and assume personal responsibility for all purchases made on the card.

Applicant Information:

Cardholder's Last Name:	Cardholder's First Name:
Department:	Date of Application:
SMU Email Address:	SMU Employee Number:

Approving Supervisor Information

Supervisor's Last Name:	Supervisor's First Name:
	Date of Application:
SMU Email Address:	SMU Employee Number:

Approving Supervisor Information

<input type="checkbox"/>	Approved for University related goods and merchandise that further the Benedictine mission.
<input type="checkbox"/>	Approved for only University Travel and Entertainment related expenses.

Please check which access level is needed on the card.

Please include the explanation of why user needs this card and how the card will comply with University budget and business purposes.

Approval - I certify that the information provided has been reviewed and is accurate, allowable, and appropriate. I have read through the Purchase Card Policy and procedures thoroughly and will comply with my responsibilities, and requirements, and will only use my card to further our Universities mission and Benedictine values.

Applicant Name (print):	Signature:	Date:
Supervisor Name (print):	Signature:	Date:
Approver Name (print):	Cabinet Member Approval Signature:	Date:

